

The Bond Oversight Committee met August 18, 2020 at 6:00 p.m. via Zoom video conference.

1. CONVENE

1.01 Call to Order by Chair

Riley Cornelsen called the meeting to order at 6:00 p.m.

1.02 Roll Call of Committee Members

Committee members present: Riley Cornelsen, Anya Milton, Sandi McMillan, Brian Lynch, and Mark Harting.

Also present were Ferndale School District Assistant Superintendent Mark Deebach, Ferndale High School Principal Jeremy Vincent, Administrative Assistant Tammy Longstaff, Construction Services Group Representatives Heidi Hansen and Tex Ladish, Ferndale School Board Member Andrew McLaurin and Bond Oversight Committee alternate member candidate Joe Lupo.

1.03 Adopted the Agenda

The committee considered adopting the agenda. Anya motioned to add a new business item to this agenda and all future agendas under Unfinished Business and right before item 4.01, named "Observations and Concerns". Sandi motioned to add an agenda item for tonight's meeting under New Business 4.01 (d) Financial Advisor Scope of Work and Bond Sale Information.

Anya Milton moved to adopt the agenda as stated. Brian Lynch seconded the motion. The motion carried

1.04 Approval of Minutes

Sandi McMillan moved to approve the minutes. Anya Milton seconded the motion. The motion carried.

2. PUBLIC COMMENT

2.01 Receive Public Comment

No comments have been received since the last meeting.

2.02 Shared Public Comment Received During the Past Month

No other comments have been received since the last meeting.

3. UNFINISHED BUSINESS

3.01 How do we communicate with the public?

Dashboard on district's website is current for New FHS and Critical Projects.

Pictures were posted in the Bond Update highlighting some of the current projects happening in the district. Riley recommended that these also get posted on social media. Mark stated that is also the district's expectation as well and they are working on it.

3.02 Consider Candidate for Alternate Member on the Committee.

The committee considered bringing a new alternate member on board.

The committee has had Bruce McKay's application on hold for several months. This month an application was submitted by Joe Lupo. Joe served on the Bond Task Force and helped develop the current Bond Oversight Committee.

Joe has extensive experience working on projects valued between \$50 and \$100 million. He shared that he hoped his background in construction will bring knowledge and insight to the committee.

Brian Lynch motioned to accept Joe Lupo as the second alternate member of the Bond Oversight Committee. Mark Harting seconded the motion. The motion carried.

3.03 Observations and Concerns (New agenda item)

Anya shared the Bond Oversight Committee has expressed some observations and concerns to the School Board and are trying to figure out how to address these. They want to focus on reframing the relationship of communicating those concerns with the school board. As Andrew McLaurin is the liaison to the committee, he recommends continuing to work through these observations and concerns in a dialogue format.

Andrew shared that the Board has not discussed the Committee's observations in a formal way. The primary reason is OSPI has directed

school boards to focus on district operations including education services, food services, and childcare and not to entertain new business outside of this arena due to the pandemic. The Board has followed this directive as it relates to changes in teaching, nutritional support and childcare in our community and will continue to do so at least until October. Tied to this are issues around providing internet access and devices for our students. The Board has been focused on this at all meetings and have bypassed things they would have normally addressed.

The Board appreciates the work and shared thoughts of the Committee and asks for their patience as they get settled into this new learning routine.

Anya stated it is important for the BOC to be understanding of the directive about the directive from OSPI. She also stated that observations and concerns will be a new agenda item under all future BOC meetings under unfinished business.

Sandi pointed out she was “dumbfounded” that OSPI would not consider building a new high school as not ordinary business. Andrew countered that he didn’t feel the BOC’s statement were not specifically about building the new high school. Sandi disagreed and said she feels strongly about that.

Anya pointed out the debt policy was addressed and that the BOC in general was pleased with that outcome.

Sandi emphasized her displeasure with the board not taking up the BOC’s concerns and questioned the effectiveness of the committee that the citizens of Ferndale want us to do.

Andrew reminded the committee that the statements received from them were not specifically about the bond and the new high school which is also why they have not been addressed. He reminded them that the charter for the Bond Oversight Committee is very specific about their scope of work being directly related to the use of the bond funds for the high school. If there are concerns about this scope of work, then it should be brought up however, the questions being brought up are outside the scope of the Bond Oversight Committee. The Board will work these questions as they can however the health of the district due to the pandemic will take precedent.

4. NEW BUSINESS

4.01 District Comments/Input

Ferndale School District No. 502
Bond Oversight Committee
Meeting Minutes August 18, 2020

a. Review Bond Related Spending for July 2020

Expenditure summary received for July 2020

b. Review Cashflow Plan

No discussion

c. Receive an Update on Items Related to the Bond from Ferndale School District and Construction Services Group

Assistant Superintendent Mark Deebach provided an update to the committee on the recent sale of the bonds and the addition of a financial advisor to the process.

- Scott Bauer with NW Municipal Advisors was the financial advisor hired by the district to monitor the bond sale process. Scott came recommended by Cynthia Weed, the District's bond counsel. He also provides services to the Issaquah School District and other folks the district has worked with in the past. Following the sale of the bonds, Scott provided a report in the form of a letter that summarized the bond sale process. He was involved from the beginning of the sale process and participated in the rating call with Moodys and was on board with the pre-pricing call. He reviewed all the documents that were prepared by Cynthia Weed's office, D.A. Davidson, and Moodys.

Pricing expectations were set the day prior to the sale and all parties were in agreement. On the day of the sale, the market was a little bit different than the previous day. This is not uncommon and was not outside of what was discussed or expected. It was a good sale and Scott was complementary and appreciative of the work that D.A. Davidson did for the District. He felt their fees were appropriate for the work they performed.

Over \$26,000,000 worth of bonds were sold which netted \$32,000,000 worth of proceeds. This is a good deal for the taxpayers in the community.

Sandy asked that the scope of work be provided to the BOC. Mark said he will provide the committee with the scope of work for the financial advisor and the advisor's letter summarizing the bond sale process and outcome.

Heidi Hansen with CSG provided a report to the committee on the recent happenings regarding the New Ferndale High School.

- We are in the middle of Design Development Document review. Thank you, Bond Oversight Committee, for your consolidated list of comments. These will be incorporated into a combined list of comments from all parties reviewing the documents and each comment will be addressed. With the many pages to review, it will take some time to receive a response. One of Heidi's roles in the review process has to do with the school safety checklist. There is a 10-page security and safety checklist of best practices that she is following.
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- Dykeman finished the Design Development Booklet that included the renderings. The district will share this with the committee.
- The City of Ferndale provided an estimate of what the permitting fees will be for the project. The district will provide the City of Ferndale with a deposit for these costs so that the project does not get held up awaiting purchase orders and checks. We are working hard to develop a team spirit and partnership with the City.
- Heidi addressed the committees shared concerns about the review process and ensuring that the design details are being reviewed to evaluate oversights or design items that may have a lower cost option. A design team is meeting twice a week with the Executive Steering committee. This group directs the architect and discussions take place as a group. Review of the Design Development documents involves an online Bluebeam studio session where viewers are reviewing and logging their comments. These comments will be reviewed by the architect and responded to just the same as the committee's comments and responses.

Riley asked about the flow through process who in the district taking the leading in steering the architect from a practical design perspective? Heidi stated the CSG's meeting with the executive steering committee directs the architect. As for feedback back to the architect this is done through an online Bluebeam studio session.

Riley stated his overarching concern after looking through the hundreds of pages was architectural liberties and their associated costs. Heidi said the project is going through a cost estimate based of the current documents and that it will be the outcome of these estimates will be very interesting and that depending on the outcome of these estimates another value engineering session may be needed.

Riley argued a value engineering session should be done whether the costs are in budget or not. He reminded us that there is a very large

contingent of the community that wants a fiscally responsible project. After reviewing the documents Riley stated he sees about five "Cascadia fireplaces" in the project. Mark asked for an example stating that this will be one of the cheapest high schools built in the state. Riley countered that most of the high schools in the state are also overbuilt. Jeremy asked for examples. Riley stated the water detention system he estimates at \$5-10 Million. He did say there may be reasons for this but that it is a concern. Another example is a large sunshades. Also, sloped ceilings in all classrooms with pendant light fixtures. Polished concrete vs sealed concrete. Curtain wall and storefront in almost every window in which some of them extended past ceiling height and floor level. Stainless steel column wraps that cost between \$50-100 per linear foot. All exterior ceilings are metal panel ceilings. All those items cost significantly more. The concern is the general public asking about the need for these items. The concern is nobody on the district staff has the construction knowledge and financial concern for the district to address these items. Riley ended with the community is going to have some concerns with some items that are on the current plan.

Tex asked if all the items he pointed out are on the list of items the BOC provided to the public. Riley said they are and that the cheapest time to address these items is now and that is why they are being brought up.

Heidi affirmed she has the items of concern that the committee provided and the list has been submitted for review and that cost has always been at the forefront of the discussions.

Riley asked is there anyone on the steering committee that is looking as costs in the weekly meeting? Heidi stated that cost is always a primary concern that there is a limited budget and that the dollars need to be spent wisely.

Riley emphasized that meeting the budget and maximizing the dollars are two very different things. Meeting the budget is great but maximizing the dollars should be the first priority.

Sandi questioned why these items are still coming up after two value engineering sessions have already been done.

Heidi reminded the committee that this level of detail has not been available for review until these design documents were issued which is why we are reviewing and presenting questions at this time. The value engineering was performed at the schematic design level which brought us back within budget based on design changes. Riley added

that the value engineering process should be never ending even during construction in material selections.

Heidi shared that cost estimates are currently being developed as well. Depending on the results, another value engineering session may be necessary. A constructability review has also been scheduled. Heidi explained the advantage of the GCCM process and noted by having Cornerstone on board at this point, a continuous value engineering process will be happening.

Anya pointed out there is a level of aesthetics that are being defined and understands we cannot always have the bottom of the barrel or the top of the line. She reminded everyone that these important and sometimes hard discussions need to take place as this is how an iconic building that needs to last 50 years will be developed based on the desires of the Ferndale community.

Riley asked about the plans for the grandstands. The grandstands will be going out to bid through KCDA, the purchasing cooperative.

- Brian asked for an update regarding the Performing Arts Center. The available funds for other PAC related upgrades will not be known until the scope of work is completed for the structural seismic improvements.

Joe asked why the scope was not included in the narrative for the PAC. Heidi said the scope is still being developed because repairs were not done after the Nisqually quake. Sandi questioned why the PLA report was included after a previous meeting lead us to believe the entire auditorium upgrade budget would be taken by the unresolved seismic issues. Heidi clarified the PLA report was done before the seismic issues were known about. Roof to wall connections were never addressed and that shifted the focus away from the original intent of the \$2 million dollar budget for the PAC.

Brian asked if the shortfalls in the PAC budget will be covered before any bid alternates are addressed. Heidi stated they are completely separate project buckets and that the SCAP would be affected by shifting dollars.

Sandy pointed out the PAC community really came out in the support of the bond and to have the conversation that they need to fundraise for items is not right. She stated there were a lot of things that were specifically not called out in the capital budget like interest.

Jeremy stated the bid alternates are classrooms and that Performing Arts Center is not a classroom and that it's not used every day. Sandi countered that she didn't believe it was about classrooms with declining enrollment and that she wants to keep this conversation going. Joe pointed out the football field is not used every day as a classroom either. Jeremy pointed that all the bid alternates are needed in the end. Brian said we all have different priorities that his focus in seeing the PAC get upgraded as originally planned. Anya stated the long game needs to be in the forefront that the dollars need to be spent in an equitable manner if possible. Mark stated that if maximizing the dollars is priority one then all these items have a better chance of getting taken care of. Riley said the steering committee is going to have to have the conversation about the PAC budget. He said pulling \$750,000 from the high school budget is more likely than \$5,000,000.

Tex Ladish with CSG provided the committee with an update on the status of Critical Projects taking place in the district.

- Tiger Construction is continuing to make progress on the Secure Vestibule and Access Control System upgrade project. This is a fast-moving project and is on track. Security film is being installed on the glass windows. Regarding change orders and unforeseen conditions, Vermiculite was identified at one of the locations and luckily a contractor was already onsite doing abatement and was able to move their containment wall and take care of it.

Tiger Construction submitted a change order proposal log this week and are working to provide associated costs. One significant design item on the log is related to secondary door electronic locks that were shown on the design but did not exist at all buildings. Other change order items appear to be insignificant in cost. Soil issues were found at Skyline but we do not have the total cost as of yet. CSG will provide the committee with a change order log once the proposals are approved/denied. CSG is working on obtaining additional pictures to get to the district for posting on social media and the bond update report. Tiger is providing timely notifications of issues as they arise.

- Security fencing has been ordered. The contractor is working with the fire marshal on access control.
- Contracting for roofing repairs at Vista is scheduled to start next week. This was purchased through the KCDA purchasing cooperative.

- Costs are being developed for other work that will be performed later so that we can stay current with the budget.
- District staff have been installing heat valves at Vista and only have a few left to install.
- Fire panels have been changed out at three of the schools and are awaiting final inspection.

5. ADJOURNMENT

The meeting adjourned at 7:13 p.m.